

Message Text

CONFIDENTIAL

PAGE 01 STATE 215171
ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 L-03 SS-15 SP-02 PM-05 INR-07
IGA-02 /055 R

DRAFTED BY EUR/WE/KSMITH
APPROVED BY EUR - R.E. BARBOUR
EB/FP/SJOHNSON
AID/NE/AWHITE
AID/PPC/MHELY
EXIM/RALBRIGHT (PHONE)
-----019889 082148Z /65
P 082051Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L STATE 215171

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: MARR, PO

SUBJECT: AZORES BASE NEGOTIATIONS

1. IF YOU CONCUR IN THE FOLLOWING COURSE OF ACTION, YOU ARE AUTHORIZED TO PROPOSE IT TO THE FOREIGN MINISTER OR OTHER APPROPRIATE GOP OFFICIAL. OUR OBJECTIVE IS TO ASCERTAIN WHETHER THE FOREIGN MINISTER'S COMMENTS REPORTED IN PARA 4 OF YOUR 5053 MEAN THAT GOP IS PREPARED TO AGREE TO RENEW AZORES AGREEMENT ON THE BASIS OF \$60 MILLION GRANT MAP AND \$60 MILLION GRANT ECONOMIC ASSISTANCE FOR AZORES PLUS PROSPECTS FOR CONTINUED US ASSISTANCE ALONG LINES OUTLINED BELOW.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 215171

2. YOU SHOULD TELL MEDEIROS FERREIRA THAT THE UNOFFICIAL PAPER ENTITLED "AN ILLUSTRATIVE ECONOMIC ASSISTANCE PROGRAM IN THE AZORES" IS, WITH ONE EXCEPTION, A VALID DESCRIPTION OF HOW USG COMMITMENTS ASSUMED IN FRAMEWORK OF LAJES RENEWAL AGREEMENT (THE \$120 MILLION) COUPLED WITH OTHER POSSIBILITIES NOT INTRINSIC TO THE AGREEMENT MIGHT BE USED FOR ECONOMIC DEVELOPMENT IN THE AZORES. BY "OTHER

POSSIBILITIES" IS MEANT PL 480, CCC CREDITS, AND EXIM BANK ASSISTANCE, EXACT AMOUNTS OF WHICH, IN THE FIRST TWO CASES, WOULD DEPEND ON COMMODITY AVAILABILITIES AND STRUCTURES OF PL-480 PROGRAMMING AND IN ALL INSTANCES ON

EXACT NATURE OF PORTUGUESE NEEDS.

3. EXCEPTION TO POSSIBLE U.S. RESOURCES LISTED IN ILLUSTRATIVE PAPER CONCERNS HOUSING INVESTMENT GUARANTEE WHICH WILL NOT BE AVAILABLE FOR PORTUGAL AFTER FY 1978 (AND IS NOT RPT NOT YET CERTAIN EVEN FOR FY 1978). AFTER THIS DATE, THE INTENT OF CONGRESS IS THAT HIG PROJECTS BE PHASED OUT IN COUNTRIES LIKE PORTUGAL.

4. WHILE NO FIRM COMMITMENT CAN BE GIVEN FOR PL 480 ASSISTANCE IN FUTURE YEARS, WE BELIEVE IT LIKELY TO BE AVAILABLE FOR PORTUGAL AT LEAST THROUGH 1980, AS ILLUSTRATIVE PAPER PROJECTS. WHILE EXACT AMOUNT TO BE ALLOCATED FOR AZORES DEVELOPMENT WOULD BE A GOP DECISION, THE \$50 MILLION HYPOTHESIZED IN THE PAPER WOULD ALREADY BE AVAILABLE FOR THIS PURPOSE IF GOP WERE TO ALLOCATE \$20 MILLION FROM FY 1977 AND \$30 MILLION FROM FY 1978, THUS MEETING TARGET FIGURE FROM U.S. RESOURCES ALREADY BEING MADE AVAILABLE TO PORTUGAL.

5. WE ALSO ANTICIPATE THAT CCC CREDITS WILL CONTINUE TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 215171

BE AVAILABLE FOR AT LEAST SEVERAL YEARS. AMOUNT TO BE ALLOCATED BY GOP FOR BREEDING STOCK OR FEED GRAINS FOR AZORES WOULD ALSO DEPEND ON GOP DECISION. THUS, \$5.6 MILLION PROJECTED IN ILLUSTRATIVE PROGRAM IS A GOOD-FAITH ESTIMATE OF HOW MUCH COULD BE MADE AVAILABLE TO AZORES WHENEVER LISBON DECIDED TO DO SO, AND ASSUMING GOP CONTINUED TO WANT CCC COMMODITIES.

6. ILLUSTRATIVE PAPER'S REFERENCE TO EXPORT-IMPORT BANK LOANS REPRESENTS ANOTHER AREA WHERE USG WOULD UNDERTAKE TO TRY TO BE HELPFUL. WHILE WE ARE WILLING TO SO STATE, THE AMOUNTS THAT WOULD BE FINANCED WOULD DEPEND ON PORTUGUESE NEEDS FOR U.S. GOODS AND SERVICES IN DEVELOPMENT PROJECTS WHICH HAVE NOT YET BEEN IDENTIFIED.

7. OUR UNDERTAKING WOULD ASSUME NORMAL EXIM TERMS AND CONDITIONS AND COULD BE PROVIDED BY A LETTER SIMILAR TO ONE GIVEN TO THE GREEKS THIS YEAR, AS FOLLOWS: BEGIN
QUOTE DEAR THE BOARD OF DIRECTORS HAS RECENTLY REVIEWED EXPORT-IMPORT BANK ACTIVITY IN PORTUGAL AND THE PROSPECTS FOR FUTURE BANK FINANCING OF EXPORTS FROM THE UNITED STATES WHICH CAN CONTRIBUTE TO THE ECONOMIC DE-

VELOPMENT OF YOUR COUNTRY.

8. I AM PLEASED TO INFORM YOU THAT THE BANK IS PREPARED TO EXPAND AND INCREASE COMMITMENTS TO PORTUGAL AND WILL BE PLEASED TO CONSIDER APPLICATIONS ON A CASE BY

CASE BASIS AND ON THEIR MERITS IN ACCORDANCE WITH OUR STATUTES AND REGULAR PRACTICES. ALTHOUGH IT IS DIFFICULT TO QUANTIFY AN AMOUNT OF POTENTIAL NEW COMMITMENTS UNTIL WE RECEIVE SPECIFIC APPLICATIONS WE SEE PARTICULAR POSSIBILITIES FOR CREDIT-WORTHY PROJECTS IN THE SECTORS OF ----- TO WHICH YOUR COUNTRY IS GIVING DEVELOPMENT PRIORITY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 215171

10. ALL OF THE PROGRAMS OF EXPORT-IMPORT BANK ARE AVAILABLE AT THIS TIME FOR SUPPORTING EXPORT CREDITS TO PORTUGAL. THESE PROGRAMS INCLUDE INSURANCE, BANK GUARANTY AND DISCOUNT FACILITIES TO ASSIST WITH SUPPLIER CREDITS, COOPERATIVE FINANCING OF CREDIT LINES TO PORTUGUESE BANKS, AND OUR BUYER CREDIT PROGRAM UNDER WHICH LOANS AND FINANCIAL GUARANTEES ARE PROVIDED DIRECTLY BY THE EXPORT-IMPORT BANK. UNDER THESE PROGRAMS PORTUGAL FULLY ENJOYS THE TERMS AND CONDITIONS WHICH EXPORT-IMPORT BANK EXTENDS NORMALLY IN ITS GLOBAL OPERATIONS. I TRUST THAT YOU WILL CALL UPON US WHENEVER YOU NEED CLARIFICATION OF THE ROLE EXPORT-IMPORT BANK MIGHT BE ABLE TO PLAY IN FACILITATING EXPANDED ECONOMIC RELATIONS BETWEEN PORTUGAL AND THE UNITED STATES AND IN CONTRIBUTIONS TO THE DEVELOPMENT OF THE AZORES. (SIGNED JOHN L. MOORE, JR. END QUOTE. FYI WHILE WE HAD EARLIER HOPED TO SUGGEST TWO MODEL LETTERS, ONE MENTIONING SPECIFIC PROJECTS AND FIGURES, ALBEIT PORTUGUESE FIGURES, EXIM BANK BOARD DOES NOT AGREE TO ANY MENTION OF SPECIFIC DOLLAR FIGURES. END FYI

11. IF REACTION TO FOREGOING COMBINATION OF COMMITMENTS AND OTHER POSSIBILITIES IS POSITIVE, YOU SHOULD SUGGEST ADVISABILITY OF RECORDING IN AN AGREED MINUTE OR OTHER DOCUMENT THE PRINCIPLES ON WHICH THE FORMAL NEGOTIATIONS TO FOLLOW WOULD BE BUILT. IF IT IS NOT POSITIVE, PLEASE TRY TO ELICIT SPECIFIC COMMENTS ON THE PROPOSAL AND ITS PARTS. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, AZORES, GRANTS, MILITARY BASE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Sep-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE215171
Document Source: CORE
Document Unique ID: 00
Drafter: WE/KSMITH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770325-1211
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770984/aaaactiu.tel
Line Count: 164
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 00202c4a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1343894
Secure: OPEN
Status: NATIVE
Subject: AZORES BASE NEGOTIATIONS
TAGS: MARR, PO, US
To: LISBON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/00202c4a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009